

Translation from Arabic

**Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim financial statements
For the financial period ended
30 September 2020
and review report**

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Public Accountants & Consultants
Smart village – Building 105, St. (2)
Km 28 Cairo /Alexandria Desert Road
Giza – Cairo -Egypt**

**Mohamed Hilal – Grant Thornton
Public Accountants
A member of Grant Thornton international
87 Ramses St., Cairo**

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim financial statements
for the period ended 30 September 2020

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Report on Limited Review of Consolidated Interim Financial Statements

To: The members of the board of directors of Juhayna Food Industries S.A.E

Introduction


We have performed a limited review for the accompanying consolidated interim statement of financial position of Juhayna Food Industries S.A.E as of 30 September 2020 and the related consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of interim Financial Statements Performed by the Independent Auditor of the Entity". A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 30 September 2020, and of its consolidated financial performance and its consolidated cash flows for the nine-month period then ended in accordance with Egyptian Accounting Standards.


Hafez Montasser Hassan
KPMG Hazem Hassan
Public Accountants & Consultants

Grant Thornton - Mohamed Hilal

Hossam Hilal
Public Accountants
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Mohamed Hilal – Grant Thornton
Public Accountants

Cairo, 21 October 2020

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim statement of financial position
As of 30 September 2020

Translated from Arabic

	Note No.	30/09/2020 L.E	31/12/2019 L.E
Assets			
Non-current assets			
Property, plant and equipment	(12)	3 138 241 478	3 292 283 938
Projects under construction	(13)	164 867 030	97 358 181
Plant wealth - productive	(14-1)	16 126 467	12 515 921
Plant wealth - not productive	(14-2)	20 785 105	15 864 959
Biological wealth	(15)	203 643 486	195 121 514
Investments under joint control (equity)	(11)	14 704 233	14 864 149
Goodwill	(34)	97 092 890	97 092 890
Right to use assets	(29-2)	48 056 081	-
Other - long term asset		734 212	740 417
Non-current assets		3 704 250 982	3 725 841 969
Current assets			
Biological assets - Feeding Sector		3 116 677	13 948 353
Biological assets - Existing Agriculture		9 801 368	17 213 765
PPE held for sale		4 483 637	6 243 248
Inventories	(17)	919 944 830	1 043 417 616
Trade and other receivables	(18)	493 218 701	414 143 667
Due from related parties	(32-2)	3 532	-
Cash at banks and on hand	(19)	101 709 432	96 717 667
Current assets		1 532 278 177	1 591 684 316
Total assets		5 236 529 159	5 317 526 285
Equity			
Issued and paid up capital	(20)	941 405 082	941 405 082
Legal reserve		616 671 511	594 085 534
General reserve - issuance premium	(20-1)	330 920 428	330 920 428
Retained earnings		968 901 912	859 988 077
Total equity attributable to the shareholders of the parent company		2 857 898 933	2 726 399 121
Non-controlling interest		685 008	640 370
Total equity		2 858 583 941	2 727 039 491
Non-current liabilities			
Long - term loans	(21)	494 593 432	692 546 563
Other non current liabilities	(25)	6 997 258	22 964 303
Lease contract liabilities - non current portion	(29)	114 667 064	87 201 810
Deferred tax liabilities	(26)	277 607 298	275 909 475
Non-current liabilities		893 865 052	1 078 622 151
Current liabilities			
Provision for claims	(23)	3 951 570	16 474 211
Bank credit facilities	(22)	283 756 153	398 940 324
Creditors and other credit balances	(24)	765 616 994	695 896 186
Income tax payable	(33)	149 725 218	103 663 033
Due to related parties	(32-1)	-	421 867
Lease contract liabilities- current portion	(29)	24 970 276	11 597 450
Loans-current portion	(21)	256 059 955	284 871 572
Current liabilities		1 484 080 166	1 511 864 643
Total liabilities		2 377 945 218	2 590 486 794
Total equity and total liabilities		5 236 529 159	5 317 526 285

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

Chief Finance Officer
Sameh El-hodaiby

Chairman
Safwan Thabet

Cairo, 21 October 2020

"Limited review report "attached".

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim income statement
For the financial period ended 30 September 2020

Translated from Arabic

	Note No.	Financial Period From 1/1/2020 To 30/9/2020 L.E.	Financial Period From 1/1/2019 To 30/9/2019 L.E.	Financial Period From 1/7/2020 To 30/9/2020 L.E.	Financial Period From 1/7/2019 To 30/9/2019 L.E.
Net sales		5 719 469 912	5 791 905 147	2 039 379 362	2 041 094 813
Cost of sales		(3 825 821 257)	(4 023 524 407)	(1 342 720 293)	(1 425 555 110)
Gross profit		1 893 648 655	1 768 380 740	696 659 069	615 539 703
Other operating income	(5)	17 994 945	57 859 052	3 392 297	24 514 401
Selling and Marketing expenses	(6)	(895 302 951)	(868 685 291)	(327 105 961)	(295 694 731)
General and administrative expenses	(7)	(189 961 137)	(198 810 136)	(63 750 590)	(81 478 749)
Other expenses	(8)	(102 745 870)	(67 154 522)	(34 592 708)	(25 054 443)
Board of directors remuneration	(32-3)	(15 105 000)	(14 875 000)	(4 860 000)	(5 215 000)
Results from operating activities		708 528 642	676 714 843	269 742 107	232 611 181
Share in the gain of company under joint control		(159 915)	3 679 490	(979 350)	714 307
Cost of the end of service		(43 526 352)	(10 712 101)	(28 131 819)	(385 549)
Net finance (expense)	(9)	(124 274 271)	(263 850 408)	(33 334 827)	(79 421 439)
Net profit before income tax		540 568 104	405 831 824	207 296 111	153 518 500
Income tax - current	(33)	(155 123 963)	(96 891 128)	(55 692 419)	(31 514 264)
Deferred tax	(26)	(1 697 823)	(17 940 659)	435 680	(10 644 638)
Net profit for the period		383 746 318	291 000 037	152 039 372	111 359 598
Distributed as follows					
Parent Company's share in profit		383 667 982	290 905 796	152 011 654	111 335 125
Non-controlling interest		78 336	94 241	27 718	24 473
		383 746 318	291 000 037	152 039 372	111 359 598
Earning per share for the period (L.E /share)	(35)	0.41	0.31	0.16	0.12

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim statement of comprehensive income
For the financial period ended 30 September 2020

Translated from Arabic

	Financial Period From 1/1/2020 To 30/9/2020 L.E	Financial Period From 1/1/2019 To 30/9/2019 L.E	Financial Period From 1/7/2020 To 30/9/2020 L.E	Financial Period From 1/7/2019 To 30/9/2019 L.E
Net profit for the period	383 746 318	291 000 037	152 039 372	111 359 598
Total other comprehensive income	383 746 318	291 000 037	152 039 372	111 359 598
Distributed as follows				
Parent Company's share in profit	383 667 982	290 905 796	152 011 654	111 335 125
Non-controlling interest	78 336	94 241	27 718	24 473
	383 746 318	291 000 037	152 039 372	111 359 598

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

Juhayna Food Industries

(An Egyptian Joint Stock Company)

Consolidated interim statement of changes in equity
For the financial period ended 30 September 2020

Translated from Arabic

	Disclosure	Issued & paid up capital L.E	Legal reserve L.E	General reserve- insurance premium L.E	Retained earnings L.E	Non-controlling interest L.E	Total L.E
Balance as at 1 January 2019 before adjustments		941 405 082	552 519 162	330 920 428	784 087 944	978 001	2 609 910 617
Restatement arising from lease contract liabilities		-	1 495 717	-	26 251 173	15 997	27 762 887
Balance as at 1 January 2019 after adjustments		941 405 082	554 014 879	330 920 428	810 339 117	993 998	2 637 673 504
Dividends to shareholders		-	-	-	(188 281 016)	-	(188 281 016)
Dividends to employees and board of directors		-	-	-	(50 927 506)	-	(50 927 506)
Dividends from subsidiaries to non controlling interest		-	-	-	259 817	(374 869)	(115 052)
Holding Company's share in reserves & retained earnings of subsidiaries		-	23 770 918	-	(23 770 918)	-	-
Total other comprehensive income for the period ended 30 September 2019		-	-	-	290 905 796	94 241	291 000 037
Balance as at 30 September 2019		941 405 082	577 785 797	330 920 428	838 525 290	713 370	2 689 349 967
Balance as at 1 January 2020		941 405 082	594 085 534	330 920 428	859 988 077	640 370	2 727 039 491
Dividends to shareholders		-	-	-	(188 281 016)	-	(188 281 016)
Dividends to employees and board of directors		-	-	-	(63 920 852)	-	(63 920 852)
Dividends from subsidiaries to non controlling interest		-	-	-	33 698	(33 698)	-
Holding company share from reserve and retained earnings of subsidiaries		-	22 585 977	-	(22 585 977)	-	-
Total other comprehensive income for the period ended 30 September 2020		-	-	-	383 667 982	78 336	383 746 318
Balance as at 30 September 2020		941 405 082	616 671 511	330 920 428	968 901 912	685 008	2 858 583 941

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Consolidated interim statement of cash flows
For the financial period ended 30 September 2020

Translated from Arabic

		Financial Period From 1/1/2020 To 30/9/2020	Financial Period From 1/1/2019 To 30/9/2019
	Note No.	L.E	L.E
Cash flows from operating activities			
Net profit for the period before income tax and minority interest in profits		540 568 104	405 831 824
Adjustments for:			
PPE depreciation	(12)	215 486 093	201 637 802
Capital losses	(8)	22 818 569	(8 922 363)
Amortization of asset right of use		6 205	6 203
Amortization of animal wealth	(15)	19 279 634	14 081 211
Amortization of plant wealth (productive)	(14-1)	709 267	301 117
Impairment of Fixed assets (Reverse)			-
Biological write down (Reverse)	(5)	(2 890 000)	-
Change in Investments under joint control	(11)	159 915	(3 679 490)
Impairment of trade and other receivables(Reverse)			(1 380 230)
Impairment of trade and other receivables	(8)	5 177 412	3 683 796
Impairment of right to use assets	(29)	11 191 264	
Interest of right to use assets	(29)	4 062 867	
Impairment of the Inventory			1 831 725
Inventory write down (reverse)	(5)	(2 069 608)	
Provision for claims formed	(23)	10 799 875	4 375 675
Herd births	(15)	(10 509 700)	(11 342 000)
Herd capitalized	(15)	(53 781 246)	-
Losses from selling cows	(8)	16 319 305	6 996 033
Losses from calves death	(8)	715 022	3 196 364
Losses from calves sales			-
Foreign exchange (losses) / gain	(9)	(372 401)	5 666 470
Credit interests	(9)	(14 398 274)	(10 996 617)
Finance interests & expenses	(9)	134 982 079	269 180 555
		<u>898 254 382</u>	<u>880 468 075</u>
Collected credit interests	(9)	14 398 274	10 996 617
Finance interest & expenses paid	(9)	(134 982 079)	(269 180 555)
Changes in:			
Inventories	(17)	128 279 641	(158 728 399)
Biological assets- fattening the flock			(68 658 715)
Capitalization of breeding the herd			(9 891 937)
Biological assets- Exiting Agriculture		7 412 397	(59 375 604)
Trade and other receivables	(18)	(77 220 564)	(3 174 306)
Due to related parties	(32-2)	(3 532)	139 479 502
Creditors & other credit balances	(24)	58 861 055	-
Due from related parties	(32-1)	(421 866)	(50 927 506)
Dividends paid to employees		(63 920 851)	(58 049 047)
Income tax paid		(109 061 777)	1 446 033
Sales tax on capital goods -paid		(5 107 287)	(1 187 615)
Impairment of trade and other receivables used		(7 031 884)	(8 696 612)
Impairment in inventories used		(2 737 247)	(7 585 168)
Provision for claims used		(23 322 517)	
Impairment in fixed asset usage		(12 392 780)	
Net cash flows result from/ (used in) operating activities		<u>671 003 365</u>	<u>343 283 375</u>
Cash flows from investing activities			
Acquisition of PPE & projects under construction	(12,13)	(206 397 778)	(213 718 164)
Compensation of calves death		3 878 405	3 176 100
Proceeds from sale of PPE		68 779 115	38 803 062
Acquisition of plant and animal wealth	(14,15)	(24 330 644)	(27 759 914)
Proceeds from the sale of plant and animal wealth	(14,15)	44 388 970	26 394 619
Net cash flows (used in) investing activities		<u>(113 681 932)</u>	<u>(173 104 297)</u>
Cash flows from financing activities			
Collection proceeds from overdraft & credit facility	(22)	(115 184 173)	(195 934 588)
Payment for Bank long term loans	(21)	(22 472 132)	(16 089 105)
Payment of financial lease contract liabilities	(29)	(226 764 748)	271 514 932
Dividends paid to shareholders		(188 281 016)	(188 281 016)
Decrease in non-controlling interest			(115 051)
Net cash flows from financing activities		<u>(552 702 069)</u>	<u>(128 904 828)</u>
Change in cash & cash equivalents during the period		<u>4 619 364</u>	<u>41 274 250</u>
The effect of foreign exchange difference	(9)	372 401	(5 666 470)
Cash & cash equivalents at 1 January		<u>96 717 667</u>	<u>30 403 615</u>
Cash & cash equivalents at 30 September		<u>101 709 432</u>	<u>66 011 395</u>

The notes from No.(1) to No.(36) are an integral part of these consolidated interim financial statements and should read there to.

Juhayna Food Industries
(An Egyptian Joint Stock Company)
Notes to the consolidated interim financial statements
For the financial period ended 30 September 2020

1 Reporting the entity

The Company was established in 1995 according to the Investment Law No. (230) of 1989 as replaced by the investment incentives and guarantees law No. (8) 1997 and the decree of the Minister of Economic and Foreign Trade No. 636 of 1994 approving the Company's establishment.

The Company was registered in the commercial registry under No. 100994 on 10/1/1995. Company's period is 50 years starting from the date of registration in the commercial registry.

The address of the Company's registered office is building no.2 Polygon Sodic West, Sheikh Zayed Giza.

The factory address: 6th OCT. city the industrial zone No. 1, plot No. 39, 40.

Mr. Safwan Thabet is the Chairman of the Board of Directors.

The Company is considered a holding Company.

The Company's purpose

The Company primarily is involved in producing, manufacturing, packaging and packing of all types of dairy products and all its derivatives, all types of cheese, fruit juices, drinks and frozen material, preparing, manufacturing, packaging and packing all types of food materials and in general manufacturing of agriculture products.

Registration in the Stock Exchange

The Company is listed in the Egyptian Stock Exchanges.

2 Basis of preparation

2-1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards ("EAS"), and in the light of prevailing Egyptian laws.

The financial statements were authorized for issue by the Board of Directors on 21 October 2020.

2-2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following significant items in the balance sheet.

- Non-derivative financial liabilities at fair value through profit or loss are measured at fair value (Note 4-1).
- Biological assets and Agricultural crops are measured at fair value less cost to sell unless the fair value cannot be reliably measured (Note 4-2).
- The methods used to measure fair values are discussed further in note (4).

2-3 Functional and presentation currency

These consolidated financial statements are presented in Egyptian pound, which is the Company's functional currency.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

2-4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Accounting policy no (3-10) : lease classification.

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment within the future financial statements are included in the following notes:

- Note (18) : impairment of trade and notes receivable.
- Note (23) : provisions & contingent liabilities
- Note (26) : deferred tax.
- Note (4-2) : biological assets

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3-1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statement of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3-2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

3-3 Investment under joint control

Companies under joint control are companies that exercise joint control over an investee. Joint control is in place when decisions on main activities require the unanimous consent of the controlling parties. Investments under joint control entities are presented in the consolidated financial statements using the equity method so that initial recognition is recognized at cost including costs associated with the acquisition and the subsequent measurement in the consolidated financial statements increases or decreases the carrying amount of the investment by the Group's share of profit or loss and other comprehensive income.

3-4 Financial instruments

Non-derivative financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non – derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for sale financial assets.

Debtors

Debtors are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Generally, short-duration trade and other receivables with no stated interest rate are stated at their nominal value (original invoice amount) less an allowance for any doubtful debts.

Debtors comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Company classifies non – derivative financial liabilities into the other financial liabilities' category. Such financial liabilities are recognised initially at the fair value plus any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables. Generally, trade payables are recorded at their nominal value.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3-5 Intangible assets and goodwill

Recognition & Measurement

Goodwill

Goodwill arise from acquisition of subsidiary. Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition, the group measures acquired goodwill at cost less impairment losses. Recognized goodwill impairment losses are not subsequently reversed. Goodwill is not amortized

3-6 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses (note 12).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized net within other income/other expenses in profit or loss.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

Description	Estimated useful life (Years)
Buildings & Constructions	13.3- 50
Machinery & Equipment	1-13
Transportation & Transport Vehicles	1.5- 8
Tools	1.08 – 10
Office equipment & Furniture	1-10
Empty plastic containers & pallets	5
Refrigerators Display	5
Computers	3.33-5
Wells	25 or Wells use full life

Depreciation commences when the fixed asset is completed and made available for use.

Depreciation method useful life and residual value are reviewed at each date and adjusted as appropriate.

3-7 Projects under construction

Expenditures incurred on purchasing and constructing fixed assets are initially recorded in projects under construction until the asset is completed and becomes ready for use. Upon the completion of the assets, all related costs are transferred to fixed assets. Projects under construction are measured at cost less accumulated impairment losses (note no. 13). No depreciation is charged until the project is completed and transferred to fixed asset

3-8 Government grants

Government grants related to assets – including non-monetary grants recorded at fair value presented in financial statements as deferred income (grants considered deferred income and recorded in income statement according to regular systematic basis over the estimated useful lives of assets)

3-9 Plant wealth

This item represents the amounts spent for cultivation of fruit trees and protection trees (Kazhurana) which were recognized as noncurrent assets in the balance sheet in projects in progress caption and when it reaches the planned marginal productivity it will be classified as noncurrent assets (plant wealth), and will be depreciated over (25 and 50) years respectively according to the nature of those assets.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

3-10 Lease Contracts

Operating lease contracts

The group assess whether a contract is or contains a lease at inception of the contract. The assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the group has the right to direct the use of the asset.

The group recognize right of use (ROU) asset and a lease liability at the lease commencement date, except for short term leases of 12 months or less which are expensed in the income statement in a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the group uses an incremental borrowing rate specific to the country, term, and currency of the contract. Lease payments can include fixed payments; variable payment that depend on an index or rate known at the commencement date; and extension option payments or purchase options, if the Group is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, change of an index or rate or in case of reassessment of options.

At inception, the ROU asset comprises, the initial lease liability, initial direct costs, and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or useful life of the underlying asset. The ROU asset is subject to testing of impairment if there is an indicator for impairment, as for owned assets.

- Finance leases contracts (sales and re-leasing operation):

If an entity (the lessee) transfers an asset to another entity (the lessor) and re-leases the asset, the entity must determine whether the asset is being accounted for as a sale transaction on that asset or not.

- In case the transfer of the asset is not a sale transaction

The lessee must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer.

3-11 Inventories

Inventories of raw materials, supplies, packaging & packing materials and spare parts are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs of the completion and selling expenses.

The inventory of work in process is measured at the lower of cost, which is determined based on the cost of last process reached, or net realizable value.

Finished production is measured at the lower of manufacturing cost or net realizable value. The manufacturing cost comprises raw materials, direct labor, and cost includes an appropriate share of overheads based on normal operating capacity.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

3-12 Transactions with related parties:

The company records all transactions with the related parties in the context of their regular accounting and as per the conditions established by the board of directors, applying the same principles for dealing with others.

3-13 Impairment

Non –derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives, the recoverable amount is tested annually for impairment.

An impairment loss is recognized if the carrying amount of an asset or cash – generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognized in profit or loss. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3-14 Defined contribution plans

The Company contributes to the government social insurance system for the benefits of its personnel in accordance with the social insurance Law No. 79 of 1975 and its amendments. Under this Law the employees and the employers contribute into the system on a fixed percentage – of- salaries basis. The Company's contributions are recognized in income statement using the accrual basis of accounting. The company's obligation in respect of employees' pensions is confined to the amount of contributions.

3-15 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

3-16 Revenue

Net revenue

Revenue for sale of goods is recognized based on the transaction price of the received or receivable payment. The transaction price is determined considering returns, trade discounts and volume rebates. Revenue is recognized in the income statement when pervasive evidence exists of the settlement of contractual performance obligation by transfer of goods to the customer. Pervasive evidence usually exists in the form of an executed sales agreement. Settlement of the performance obligation has pervasively occurred when control (up to and including 30 June 2020; risks and rewards) over the goods has been transferred to the customer, associated costs and possible return of goods can then be estimated reliably and there is no continuing control or involvement with the goods.

Discounts are recognized as a reduction of revenues when they will probably be granted, and the discounts amount can be measured reliably. When discounts granted over past performance obligations, a provision is recognized in the balance sheet. In case a discount will be granted over future performance obligations, a contract liability will be recognized.

Export subsidy revenue

The company recognizes export subsidy according to its quota in the export sales invoices claimed and accepted by the relevant authority.

3-17 Rental income

Rental income from other assets is recognized in other income.

3-18 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, fair value losses on financial assets at fair value through profit or loss, impairment losses recognized on financial assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3-19 Current tax

Current tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

3-20 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are premeasured in accordance with the Company's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets & biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

3-21 Legal reserve

According to the Companies Law requirements and the statutes of the Company, 5% of the annual net profit shall be transferred to a legal reserve until the accumulated reserve reaches 50% of the issued share capital. The reserve is un-distributable; however, it can be used to increase the share capital or to offset losses. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume setting aside 5% of the annual profit until it reaches 50% of the issued share capital.

3-22 End of service benefits

End of service benefits are recognized as an expense when the company is committed clearly-without having the possibility of cancellation – a formal detailed plan to either finish the work before the normal retirement date or to provide end of service benefits as a result of resignations (voluntary) / left the work voluntarily according to law (12) of 2003 and related Egyptian Laws and the policy approved and declared by the company.

If the benefit is payable for a period of more than 12 months after the date of preparation of the financial statements, it is reduced to its present value.

3-23 Segmentation report

A segment is a group of associated assets and processes that are characterized by risks and rewards that differ from those of other segments or within a same economic environment with risks and rewards that are related to other segments operating in a different economic environment. All the operating results of the operating segments are reviewed regularly by the Group's business leaders (chief operating decision maker), where the Group makes decisions about the resources allocated to the segments and assesses their performance, which provides detailed financial information

The group has 5 operational segments, which represent segments for which financial reporting is provided to high management. These reports present different products and services and are managed separately because they require different technology and marketing strategies. the operation of each sector is reported below

Segmentation reports

Dairy sector
Cooling sector
Juice sector
Concentrate sector
Agriculture sector

Operations

Manufacture and sell dairy products & its derivatives
Manufacture cooled dairy products
Manufacture and sell various products of juice
Manufacture and sell fruit concentrates
Produce agriculture crops in- addition to livestock farm that produce dairy product and sell to dairy sector

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

3-24 The new and adjusted accounting standard

- On 18 March 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:
 - The Financial Regulatory Authority decided in its declaration on 12 April, 2020 to postpone the application of the new Egyptian accounting standards and the accompanying amendments issued by Ministerial Resolution No. 69 of 2019 to the periodic (quarterly) financial statements that will be issued during the year 2020 that companies implement these standards and these amendments in the annual financial statements of these companies at the year end, also disclosing in the quarterly statement during the year 2020.

The prime minister decision number 1871 for the year 2020 dated 17 September 2020 included replacing first of January 2020 by first of January 2021 in the Egyptian accounting standards number 47, 48, and 49.
- Juhayna Food Industries has implemented early for each of the new Egyptian Accounting Standard No. (47) financial instruments, The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers", and a new Egyptian Accounting Standard (49) leasing contracts.

New or Amended Standards	A Summary of the Most Significant Amendments	The Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) "Financial Instruments"	Standard No. (47) comprise revised stipulations regarding classification and measurement of financial instruments. Including a new model of expected credit losses for the purposed of calculating impairment of financial assets. The revised model requires the recognition of impairment to be based in expected credit losses rather that the basis of triggering events for credit losses.	Standard No. (47) does not have a significant impact on the classification of and measurement of financial assets of the Group. Also does not have impact on financial liabilities for the Group . A minor increase in the provision for doubtful trade receivable resulted from applying the expected credit loss .model	This standard applies to financial periods beginning on or after 1 st of January 2021, and the early adoption is permitted; provided that the amended Egyptian Accounting Standards Nos. (1), (25), (26) and (40) are to be simultaneously applied. -These ammendments are effective as of the date of implementing Standard No. (47)
The new Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers"	The company assessed the impact of applying Standard No. (48) to its financial statements. In view of the nature of the contracts, that are primarily related to the sale of goods with no separate performance obligations requiring revenue to be reported over time pursuant to Standard No. (48)	The Management is currently assessing the impact of implementing the amendment of the standard on the financial statements	Standard No(48) applies to financial periods beginning on or after 1 st of January 2021, and the early adoption is permitted
The new Egyptian Accounting	The new Egyptian Accounting Standard No. (49) "Lease Contracts" comprises that lessees must recognize right of use	The Management is currently assessing the impact of implementing	This standard No. (49) Applies to financial periods beginning on

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Impact on the Financial Statements	Date of Implementation
Standard No. (49) "Lease Contracts	<p>assets and lease liabilities in the balance sheet, except for short term leases (less than 12 months) and leases of low value. The assets and liabilities related to operating leases are recognized in the statement of financial position. Standard No. (49) results in an increase in the group assets and lease liabilities. Furthermore, interest expenses related to lease agreements are no longer reported as part of operating profit, but as finance costs.</p>	<p>the amendment of the standard on the financial statements. The disclosure no. (32) represent the adjustments of applying the new accounting standard no. (49).</p>	<p>or after 1st of January 2021, and the early adoption is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) Of 1995 was cancelled and Law No. (176) of 2018 was issued.</p>

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

New or Amended Standards	A Summary of the Most Significant Amendments	The Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (42) as amended " Consolidated Financial Statements"	<p>Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were amended are as follows:</p> <ul style="list-style-type: none"> - (EAS 15) Related Party Disclosures - (EAS 17) Consolidated and Separate Financial Statements - (EAS 18) Investments in Associates - (EAS 24) Income Taxes - (EAS 29) Business Combinations - (EAS 30) Periodical Financial Statements - (EAS 44) Disclosure of Interests in Other Entities. 	Standard No. (42) has been applied before and made an impact on the group results and statements.	<p>This standard applies to financial periods beginning on or after 1st of January 2020, and the early adoption is permitted.</p> <p>-The new or amended paragraphs Pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019</p>
Egyptian Accounting Standard No. (22) as amended " Earnings per Share	The scope of implementation of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The amendment of the standard on the financial statements is implemented.	This amendment is introduced and shall apply to financial periods beginning on or after 1 st of January 2020.
Egyptian Accounting Standard No. (4) as amended " Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The amendment of the standard on the financial statements is implemented.	This amendment is introduced and shall apply to financial periods beginning on or after 1 st of January 2020.

4 **Determination of fair value**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non- financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

4-1 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4-2 Biological assets

Biological assets are measured by fair value less cost to sell unless the fair value cannot be measured reliably. If the fair value cannot be measured reliably, the biological assets acquired during the financial period are presented according to their cost at the date of acquisition. Also biological assets which are internally grown are presented at cost of breeding or growth until commercial production (called the increase in the value of the biological assets), less accumulated depreciation and accumulated impairment loss, if any. The cost of small bio-assets is determined by the cost of breeding or growth according to the age group. These young ones are also not consumed. The biological assets are depreciated on a straight-line basis to their estimated residual values over periods, as summarized below.

Cows	4 years
Orange trees	35 years

5 Other operating income

	Financial period From 1/1/2020 to 30/09/2020 L.E	Financial period From 1/1/2019 to 30/09/2019 L.E	Financial period From 1/7/2020 to 30/09/2019 L.E	Financial period From 1/7/2019 to 30/09/2019 L.E
Export subsidy revenue	-	21 010 364	-	3 964 582
Capital gain	-	8 922 363	-	11 372 267
Increase in biological wealth due to newborn	3 497 108	11 342 000	3 497	4 052 900
Inventory write down reverse	2 069 608	-	(855 563)	-
Accounts receivables write down reverse	-	1 380 230	-	-
Biological write down reverse	2 890 000	-	1 309 902	-
Rental income (under Joint control)	801 000	3 015 973	801 000	2 274 156
Other revenues	8 737 229	12 188 122	2 133 461	2 850 496
	<u>17 994 945</u>	<u>57 859 052</u>	<u>3 392 297</u>	<u>24 514 401</u>

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

6 Selling and marketing expenses

	Financial period From 1/1/2020 to 30/9/2020 L.E	Financial period From 1/1/2019 to 30/9/2019 L.E	Financial period From 1/7/2020 to 30/9/2020 L.E	Financial period From 1/7/2019 to 30/9/2019 L.E
Advertising expenses	391 921 176	383 949 853	148 349 025	137 987 794
Salaries and wages	209 711 315	194 754 106	72 578 625	56 852 982
Depreciation	48 196 884	37 708 171	16 129 798	10 729 863
Vehicles expenses	77 612 616	65 917 622	28 360 371	19 563 068
Shipping & export expenses	33 658 913	49 038 582	12 724 940	20 551 210
Rent	5 698 911	12 919 017	1 768 602	4 536 364
Temporary labor contractors	20 251 697	16 981 453	7 701 113	7 039 756
Others	108 251 439	107 416 487	39 493 487	38 433 694
	895 302 951	868 685 291	327 105 961	295 694 731

7 General and administrative expenses

	Financial period From 1/1/2020 to 30/09/2020 L.E	Financial period From 1/1/2019 to 30/09/2019 L.E	Financial period From 1/7/2020 to 30/09/2020 L.E	Financial period From 1/7/2019 to 30/09/2019 L.E
Salaries and wages	103 573 197	103 601 367	36 136 972	45 361 683
Depreciation expense	12 752 941	15 531 663	4 092 473	6 282 945
Rent expense	8 394 915	9 603 797	3 027 141	3 202 944
Subscription fees and licenses	24 086 032	23 258 102	8 389 005	7 309 106
Other administrative expenses	41 154 052	46 815 207	12 104 999	19 322 071
	189 961 137	198 810 136	63 750 590	81 478 749

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

8 Other expenses

	Financial period From 1/1/2020 to 30/09/2020 L.E	Financial period From 1/1/2019 to 30/09/2019 L.E	Financial period From 1/7/2020 to 30/09/2020 L.E	Financial period From 1/7/2019 to 30/09/2019 L.E
Donations	10 350 465	6 527 944	2 068 428	3 733 586
Expected credit losses	5 177 412	3 683 796	(1 494 465)	-
Property tax	1 592 231	5 330 659	4 777	20 974
Impairment in inventories	-	1 831 725	-	1 831 725
Provision for claims	10 799 875	4 375 675	9 533 500	4 015 000
Health insurance	27 843 701	29 439 685	9 961 276	9 775 550
Capital losses	22 818 569	-	6 177 233	-
Loss from selling and death of animal wealth	17 034 327	10 192 397	5 874 597	1 073 132
Others	7 129 290	5 772 641	2 467 362	4 604 476
	<u>102 745 870</u>	<u>67 154 522</u>	<u>34 592 708</u>	<u>25 054 443</u>

9 Net finance (expense)

	Financial period From 1/1/2020 to 30/09/2020 L.E	Financial period From 1/1/2020 to 30/09/2020 L.E	Financial period From 1/7/2020 to 30/09/2020 L.E	Financial period From 1/7/2019 to 30/09/2019 L.E
Interest expense	(139 044 946)	(269 180 555)	(38 655 926)	(85 532 789)
Interest income	14 398 274	10 996 617	5 041 906	4 779 542
Gain / (Loss) from foreign currency exchange	372 401	(5 666 470)	279 193	1 331 808
	<u>(124 274 271)</u>	<u>(263 850 408)</u>	<u>(33 334 827)</u>	<u>(79 421 439)</u>

10 Segmentation reports

10-1 Segmentation reports for the financial period ended 30 September 2020

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries. Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:

Revenues and expenses according to activity segmentat as follows:

	Activity Segments							Total L.E 30/09/2020
	Dairy sector L.E 30/09/2020	chilled sector L.E 30/09/2020	Juices sector L.E 30/09/2020	Concentrates sector L.E 30/09/2020	Agriculture sector L.E 30/09/2020	Undistributed items L.E 30/09/2020	Elimination of consolidated transactions L.E 30/09/2020	
Net Sales	2 880 990 703	1 475 902 742	1 049 218 860	135 167 667	42 031 752	136 158 188	5 719 469 912	
Sales between segments	2 677 360 766	1 100 124 140	882 470 959	152 194 047	13 597 062		(4,825,746,976)	
Other operating income	5 055 067	2 223 389	2 378 933	1 076 438	5 405 030	1 856 088	17 994 945	
Expenses	(461 871 288)	(567 079 217)	(251 355 156)	(23 034 083)	(53 750 002)	(13 985 750)	(1 371 075 496)	
<u>Other Information</u>								
Depreciation	64 334 488	60 538 376	46 044 409	15 209 236	29 359 584		215 486 093	
Assets	1 464 968 144	1 381 546 446	940 279 756	459 493 931	878 440 227	111 800 655	5 236 529 159	
Liabilities	869 290 581	712 080 081	404 981 653	306 983 382	84 609 521		2 377 945 218	

The Group operates in one geographical sector - Arab Republic of Egypt - Operating revenues primarily result from activities related to the food industry.

The segmentation reports was prepared on an activity segments basis, the primary report for the activity segments was prepared in accordance with the organizational and managerial chart of the Company and its subsidiaries.

Activity segmentations results include a direct participation unit in each sector activity.

The primary report for activity segmentations:

Revenues and expenses according to activity segment as follows:

	Activity Segments							Total L.E	30/09/2019
	Dairy sector L.E	Chilled sector L.E	Juices sector L.E	Concentrates sector L.E	Agriculture sector L.E	Undistributed items L.E	Elimination of consolidated transactions L.E		
Net Sales	2 769 075 090	1 409 544 060	1 171 488 967	234 008 791	23 961 729	183 826 510	-	5 791 905 147	
Sales between segments	2 318 248 305	1 098 492 774	1 010 498 897	124 924 051	-	-	(4 552 164 027)	-	
Other operating income	12 410 035	6 220 780	6 127 224	14 532 136	15 157 077	7 091 290	-	61 538 542	
Expenses	(492 529 106)	(529 420 805)	(295 845 538)	(38 790 152)	(47 846 774)	(19 655 082)	-	(1 424 087 457)	
Other Information									
Depreciation	58 897 024	61 852 734	46 687 063	13 862 541	20 338 440	-	-	201 637 802	
Assets	1 523 601 951	1 442 318 384	971 448 028	534 580 106	893 809 692	185 920 992	-	5 551 679 153	
Liabilities	1 080 026 665	809 870 823	473 074 379	286 570 521	208 829 565	3 957 233	-	2 862 329 186	

* The Group operates in one geographical sector - Arab Republic of Egypt - Operating revenues primarily result from activities related to the food industry.

11 Investment under joint control (equity)

Name of the investee company	Share percentage	Current assets		Non current assets		Total assets		Current liabilities		Total liabilities		Cost of investment	
		L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
30 September 2020	50.75	15 895 198	87 442	15 982 640	1 278 407	1 278 407	14 704 233						
Arju Company For food Industrial		15 895 198	87 442	15 982 640	1 278 407	1 278 407	14 704 233						
Balance as of 30 September 2020													
31 December 2019	50.75	18 003 873	114 847	18 118 720	3 383 252	3 383 252	14 864 149						
Arju Company For food Industrial		18 003 873	114 847	18 118 720	3 383 252	3 383 252	14 864 149						
Balance as at 31 December 2019													

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Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

Translation from Arabic

12 Property, plant and equipment

Description	Land*		Buildings & constructions		Machinery & equipment		Transportation & transport vehicles		Tools		Empty plastic containers & Palettes		Display refg.'s		Wells		Office furniture & equipment		Computers		Total	
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost as at 1/1/2019	214 436 240	1 607 824 983	2 225 869 495	285 676 062	111 442 778	63 927 406	96 235 776	44 137 411	32 136 463	107 511 305	4 789 137 919											
Additions of the year	15 931 580	29 879 349	289 200 237	29 417 311	27 359 443	9 094 466	-	229 929	2 294 000	21 589 749	424 995 564											
Disposals of the year	(252 000)	(717 590)	(63 638 820)	(15 821 045)	(4 394 733)	(6 518 714)	(1 212 475)	(1 163 620)	(1 163 620)	(6 483 798)	(92 811 304)											
Cost as of 31/12/2019	230 115 820	1 636 986 742	2 451 430 912	299 772 328	134 407 488	66 503 158	95 023 301	44 367 340	34 297 522	128 977 568	5 121 382 179											
Additions during the period	1 078 190	2 945 662	50 934 671	50 898 674	15 244 947	8 718 150	4 110 840	-	4 110 840	4 110 840	138 888 927											
Disposals during the period	(45 648 512)	(4 739 958)	(51 567 117)	(17 060 378)	(5 594 028)	(5 930 425)	(54 801)	(4 542 740)	(25 919)	(876 911)	(136 040 789)											
Cost as of 30/09/2020	185 545 498	1 635 192 446	2 450 798 466	333 110 624	144 058 407	69 290 883	99 079 340	39 824 600	34 361 632	132 968 421	5 124 230 317											
Accumulated depreciation as at 1/1/2019	-	175 016 202	985 269 339	148 332 303	64 399 935	36 139 991	79 152 959	9 879 268	16 908 579	98 341 627	1 613 440 203											
Depreciation of the year	-	33 900 881	160 082 233	29 337 904	13 801 207	9 661 356	10 143 165	1 852 740	2 624 579	8 768 093	270 172 158											
Accumulated depreciation of disposals of the year	-	(431 790)	(42 850 127)	(13 350 020)	(4 150 964)	(6 483 798)	(1 163 620)	-	-	(71 054)	(68 618 829)											
Accumulated depreciation as of 31/12/2019	-	208 485 293	1 102 501 445	164 320 187	74 050 178	39 317 549	88 132 504	11 732 008	19 415 782	107 038 666	1 814 993 532											
Depreciation of the period	-	25 887 249	130 402 677	23 230 422	11 646 085	9 122 331	4 428 438	1 229 113	2 044 834	7 484 944	215 486 093											
Accumulated depreciation of disposals of the period	-	(630 489)	(20 937 147)	(14 000 872)	(1 808 626)	(5 930 425)	(50 798)	(2 028 411)	(24 013)	(791 934)	(46 202 715)											
Accumulated depreciation as of 30/09/2020	-	233 743 053	1 211 966 975	173 549 737	83 887 637	42 509 455	92 510 144	10 932 710	21 436 523	113 741 676	1 984 276 910											
Fixed assets impairment as of 30 September 2020	-	132 189	1 349 811	-	-	-	-	229 929	-	-	-											
Net book value as of 30/09/2020	185 545 498	1 401 318 204	1 237 481 680	159 560 887	60 170 770	26 781 428	6 569 196	28 661 961	12 925 109	19 226 745	3 138 241 478											
Net book value as of 31/12/2019	219 623 730	1 428 060 821	1 346 898 861	134 952 141	60 357 310	27 185 609	6 890 797	31 893 947	14 881 820	21 938 902	3 297 283 938											

*Cost of fully depreciated assets are amounted to L.E 357 929 551 as at 30 September 2020.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

13 Projects under constructions

	30/9/2020	31/12/2019
	L.E	L.E
Buildings and constructions in progress	3 364 024	2 743 390
Machineries under installation	142 768 999	49 354 549
Generators	-	5 328 695
Advance payments for purchase of fixed assets	14 812 979	47 030 594
Wells and water pumps	354 000	964 698
Transportation vehicles under preparation	1 107 224	-
Computer software	2 031 679	2 034 411
Lake	572 530	572 530
	165 011 435	108 028 867
Less:		
Impairment of projects under construction	(144 405)	(10 670 686)
	164 867 030	97 358 181

14 Plant wealth**14-1 Plant wealth - productive**

	30/9/2020	31/12/2019
	L.E	L.E
Cost at the beginning of the period / year	14 045 612	13 880 181
Additions during the period / year	4 319 813	165 431
Cost at end of the period / year	18 365 425	14 045 612
Less:		
Accumulated depreciation at beginning of the period / year	(1 529 691)	(1 127 540)
Depreciation during the period / year	(709 267)	(402 151)
Accumulated depreciation at end of the period / year	(2 238 958)	(1 529 691)
Net	16 126 467	12 515 921

14-2 Plant wealth – unproductive

	30/9/2020	31/12/2019
	L.E	L.E
Citrus Fruit trees	20 785 105	15 864 959
Others	-	25 208
	20 785 105	15 890 167
Less: impairment	-	(25 208)
	20 785 105	15 864 959

Juhayna Food Industries

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

1.5 Biological wealth

Translated from Arabic

	30/09/2020		31/12/2019	
	L.E	L.E	L.E	L.E
Amount of flock of livestock at the beginning of the period/year	150 444 219	236 439 784	171 931 209	
Adding:				
Transferred from projects under construction	-	15 090 685	17 892 821	
Transferred from biological wealth (Flock of dairy livestock - unproductive)	45 638 690	(45 638 690)	-	
* Births of flock				
Female	-	7 105 000	10 295 500	
Capital cost during drying -off	4 751 819	48 439 978	76 189 753	
	<u>200 834 728</u>	<u>307 075 447</u>	<u>276 309 283</u>	
Biological wealth sales				
The death of live stock losses	29 560 826	49 480 851	32 403 957	
Cost of flock of livestock as of the end of the period/year	3 782 085	5 289 517	7 465 542	
Accumulated depreciation	<u>33 342 911</u>	<u>54 770 368</u>	<u>39 869 499</u>	
	<u>167 491 817</u>	<u>252 305 079</u>	<u>236 439 784</u>	
Beginning of the period/year	41 318 270	41 318 270	28 804 771	
Depreciation of the period	19 279 634	19 279 634	19 864 058	
Accumulated depreciation of disposals of sales case	(10 605 286)	(10 605 286)	(6 463 379)	
Accumulated depreciation of disposals of death case	(1 331 025)	(1 331 025)	(887 180)	
Accumulated depreciation as of end period/year	<u>48 661 593</u>	<u>48 661 593</u>	<u>41 318 270</u>	
Net amount of flock of livestock as of end period/year	<u>118 830 224</u>	<u>203 643 486</u>	<u>195 121 514</u>	

* Calves of flocks are measured at fair value deducted by sale cost. Any increase or decrease in fair value under book value is recognized at financial statement date in income statement
 ** The company management measure the cost of flocks of dairy livestock because active market to relay on to determine the fair value is unavailable

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

16 Tax status

16-1 Holding Company

A. Corporate tax

The corporate tax due from the Company is an annual tax according to income tax law No. 91 for the year 2005 and payments due over annual taxable profits.

The period from the beginning of operation till year 2009

The Company has been inspected and all tax inspection differences were paid.

Years from 2010 till 2013

The Company has been inspected and all tax inspection differences were paid.

Years from 2014 till 2016

The company received tax Forms (19) based on estimate tax inspection from the tax authority and the company was objected in due time.

Year 2017 - 2019

The Company submitted the annual tax return in the due date and didn't requested for inspection.

B. Salaries tax

The period from the beginning of operation till year 2010

The tax inspection performed, and differences settled.

Year 2011/2016

The tax inspection performed and paid

Year 2017/2019

The company prepare for tax inspection.

C. Stamp tax

The period from the beginning of operation till 2014

The tax inspection performed, and differences settled.

Year 2015/2016

The tax inspection performed, and differences settled.

Year 2017/2018

The tax inspection is performed and pending forms

Year 2019

Not asked for tax inspection

D. Sales tax/ Value added tax

The tax inspection performed, and the company settled differences till 31/12/2015.

The sales tax was replaced by value added tax by the issuance of the law no. 67 for year 2016 to be applied as of the day following its issuance date on 7 September 2016.

Years 2016 till 2018

The tax inspection is performed and pending forms

Years 2019

Not asked for tax inspection

E. Withholding tax

The company remitted the amount that was deducted to tax authority on due dates.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

16-2 Subsidiaries

First: Corporate tax

The Company that enjoy the corporate tax exemption

	Tax exemption ending date
Inmaa for agriculture development & biological wealth.	19/03/2021
Inmaa for Livestock	02/11/2029

The Companies that are not exempted.

Egyptian Companies for Food Industries: -

Inspected from Beginning of it's activity to 2012. 2013-2019 not requested for inspection.

Modern Company for Concentrates: -

Inspected from Beginning of it's activity to 2009. Years 2010-2012 the objection was made in legal date. Years 2013-2019 not requested for inspection.

International company for food industries: -

Inspected from Beginning of it's activity to 2008. Years 2009-2014 the objection was made and waiting result. Year 2015-2019 not requested for inspection.

Egyptian Company for Dairy Products

The tax inspection performed and settled till 2004, years from 2005-2008 was not requested for inspection. Years from 2009-2012 was inspected and settled. 2013-2015 the objection was made in legal date. Years 2016-2019 not requested for inspection.

Tiba for Trading and Distribution

The company was not requested for inspection from beginning of it's activity until 2008.

Year 2009 was inspected and settled. Years from 2010-2012 was inspected and payment under process.

Years 2013-2017 the estimated inspection of the period and the objection was made, and a decision was issued to re-examine the actual and ongoing inspection. Years 2018-2019 the declarations were submitted on the legal date and not requested for inspection.

Al Marwa for Food Industries

The company was inspected from the beginning of its operations till 2009 and settled till 2005. Years 2010-2013 the inspection is under process. Years 2014-2018 the objection was made in legal date. 2019 not requested for inspection.

Inmaa for Agriculture Development and Reclamation

The company not inspected yet.

Inmaa for Livestock

The company not inspected yet.

Second: Salaries tax

Subsidiaries

	Tax inspection ending date
Egyptian Company for Dairy Products	- Inspection was performed from starting of activity till 2014 and tax settled. Year 2015/2016 Inspection was performed and waiting for the forms Years 2017/2019 not inspected yet.
Al-Marwa for Food industries	- Inspection was performed from starting activity till 2018 and tax settled. 2019 the inspection not requested

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

	Year 2019 not inspected yet.
Tiba for Trading and Distributing	- Inspection was performed from starting of activity till 2015 and differences settled. Year 2016/2019 waiting for inspection.
International Company for Modern Food Industries	- Tax inspection was performed from start of activity till 2016 and tax settled Year 2017-2019 under inspection.
The Egyptian Company for Food Industries "Egyfood"	- Tax inspection was performed till 2016 and tax differences settled. Year 2017/2018 waiting for inspection
Modern Concentrates Industrial Company	- Tax inspection was performed from start of activity till 2018 and tax settled Year 2019 not inspected yet. Tax inspection was performed from start of activity till 2011 and differences settled. Years 2012/2015 under inspection. Years 2016/2019 not inspected yet.
Inmaa for Agriculture Development Co. and Biological Wealth	From the beginning of activity till 2016 was inspected and settled. Years 2017/2019 not inspected yet.
Inmaa for livestock	-From the beginning of activity till 2016 and from 2018-2019 are prepared for inspection. 2017 inspected and settled.
Inmaa for agriculture	
Third: Stamp tax	
Egyptian Company for Dairy Products	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.
Al-Marwa for Food Industries	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.
Tiba for Trading and Distribution	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.
International Company For Modern Food Industries	-Inspection has been performed and difference settled till 2018. Year 2019 not inspected yet.
The Egyptian Company for Food Industries "Egyfood"	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.
Modern Concentrates Industrial Company	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.
Inmaa for agricultural development and biological wealth	-Inspection has been performed and difference settled till 2017. Years 2018/2019 not inspected yet.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

Inmaa for livestock

- Inspection has been performed and difference settled till 2017.

Years 2018/2019 not inspected yet.

Egyptian Company for Dairy Products

- The company products are exempted from sales tax, entity submitted monthly sales tax return. inspected and difference settled till 31/12/2015

Years 2016/2019 inspected and settled.

Al-Marwa for Food Industries

-Inspected and difference settled 2015

Years 2016/2019 waiting for forms.

International Company For Modern Food Industries

-The company submitted sales tax return on monthly basis from starting of activity, inspected and difference settled. till 2017

Years 2018/2019 not inspected yet.

Tiba for Trading and Distribution

-The company submits the sales tax return on monthly basis, inspected and differences settled till 2015.

Years 2016/2019 not inspected yet.

Inmaa for Agriculture Development and biological wealth.

- The tax inspection performed till 2014 and differences settled.

Years 2015/2019 waiting for forms.

Modern concentrates Industrial Company

-The inspection was performed since beginning of activity till 2013, preparing for tax inspection till 2019.

Inmaa for livestock

-The tax inspection performed from 15/3/2012 till 31/8/2016

Years 1/19/2016 till /2019 not inspected yet.

Inmaa for agricultural reclamation

-Inspected and difference is settled from beginning of activity till August 2016

Years 1/19/2016 till /2019 not inspected yet.

The Egyptian Company for Food Industries "Egyfood"

-The tax inspection performed till 2019

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

17 Inventories

	30/9/2020	31/12/2019
	L.E	L.E
Raw materials	201 694 314	404 452 459
Packaging and packing materials	158 965 422	109 265 440
Finished products	434 003 915	381 587 813
Spare parts and miscellaneous supplies	90 265 524	81 757 692
Goods in transit - L/C's for goods purchase	35 015 655	66 354 212
	<u>919 944 830</u>	<u>1 043 417 616</u>

18 Trade and other receivables

	30/9/2020	31/12/2019
	L.E	L.E
Trade receivables	284 334 356	205 713 019
Less: Expected credit losses	(15 621 345)	(10 443 933)
	<u>268 713 011</u>	<u>195 269 086</u>
Notes receivables	220 590	454 909
Suppliers – advance payments	52 068 507	35 701 049
Prepaid expenses	18 915 813	13 286 680
Export subsidy*	58 615 534	78 004 378
Tax Authority	33 735 584	50 670 468
Customs Authority	2 074 032	11 195 758
Deposits with others	10 234 811	8 286 693
Debtors- sold assets	37 010 000	13 250 000
Other debit balances	15 737 529	12 131 356
	<u>497 325 411</u>	<u>418 250 377</u>
Less: Impairment in other debit balances	(4 106 710)	(4 106 710)
	<u>493 218 701</u>	<u>414 143 667</u>

* The collection occurred during 2020 is EGP 19 388 844. The company continues to collect the outstanding balance with the Export Development Fund.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

19 Cash at bank and on hand

	30/9/2020	31/12/2019
	L.E	L.E
Time deposits *	-	9 355 046
Banks – current accounts	72 847 853	80 032 416
Cash on hand	5 954 278	4 592 438
Cash in transit	22 907 301	2 737 767
	<u>101 709 432</u>	<u>96 717 667</u>

*The above-mentioned time deposits are with original maturity less than 3 months.

20 Share capital

	30/9/2020	31/12/2019
	L.E	L.E
Authorized capital	5 000 000 000	5 000 000 000
Issued & paid up capital (divided into 941 405 082 shares with nominal value L.E 1 each)	941 405 082	941 405 082

20-1 General reserve

The balance of general reserve is as follows: -

Collected from issuance premium of 205 972 632 shares during the year 2010

Less:

- Nominal value of issued shares with a premium	(205 972 632)
- Issuance fees	(38 507 164)
- Legal reserve formed to reach 50 % of paid up capital	(350 398 732)
- Difference between the nominal value and the cost of own shares cancelled on 5/2/2012.	(73 580 254)

330 920 428

21 Loans

The long-term loans and short-term that are granted to the group companies are as follow:

	Long term loans		Total
	Current portion	Non-current	
	L.E	L.E	L.E
Commercial International Bank (CIB)	148 163 290	218 960 103	367 123 393
Attijariwafa Bank	44 673 938	156 258 329	200 932 267
European Bank for Reconstruction & Development	7 272 727	-	7 272 727
HSBC bank	52 750 000	119 375 000	172 125 000
Qatar National bank (QNB)	3 200 000	-	3 200 000
Balance at 30/9/2020	<u>256 059 955</u>	<u>494 593 432</u>	<u>750 653 387</u>
Balance at 31/12/2019	<u>284 871 572</u>	<u>692 546 563</u>	<u>977 418 135</u>

- These loans are subject to variable interest rates and guaranteed by promissory notes and joint grantees.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

22 Bank Credit facilities

This balance amounted to L.E 283 756 153 as at 30/9/2020 (against L.E 398 940 324 as at 31/12/2019), represents the drawn down portion of the L.E 1.835 billion (of the group) bank facilities. Interest is charged on such drawn amounts at a variable interest rate. These lending banks were provided with various guarantees granted by the group companies and promissory notes.

23 Provision for claims

Description	Balance at	Formed	Used during	Balance at
	01/01/2020	during the	the period	30/9/2020
	L.E	L.E	L.E	L.E
Provision for claims	16 474 211	10 799 875	(23 322 516)	3 951 570

24 Creditors and other credit balances

	30/9/2020	31/12/2019
	L.E	L.E
Suppliers	490 125 948	431 067 540
Dividends payable	36 417	8 010 192
Accrued expenses	102 024 285	111 322 991
PPE creditors	7 285 969	23 512 505
Tax authority	56 029 446	30 035 589
Deposits for others	1 030 665	2 026 274
Sales tax installments on the imported machineries and equipment (Note No. 25)	6 727 964	7 310 572
Social Insurance Authority	5 312 131	6 830 566
Due to health insurance	81 677 223	53 833 523
Advances from customers	9 946 362	12 356 384
Other credit balances	5 420 584	9 590 050
	765 616 994	695 896 186

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

25 Other non-current liabilities

	30/9/2020	31/12/2019
	L.E	L.E
The value of sales tax installments on the imported machineries and equipment due from January 2018. The installments due within one year amounted to L.E 6 727 964 as at 30/9/2020 (L. E 7 310 572 as at 31/12/2019) are shown under the caption of creditors and other credit balances in the consolidated balance sheet.	6 997 258	12 104 545
Fixed assets purchase premiums	-	10 859 758
	<u>6 997 258</u>	<u>22 964 303</u>

26 Deferred tax liabilities

Deferred tax liability amounted to L.E 277 607 298 on 30/9/2020 representing net book value of taxable assets and liabilities:

-Deferred Tax (Lease Contracts)

	Balance	Balance
	30/9/2020	31/12/2019
	L.E	L.E
Deferred tax liability	(5 992 355)	(6 741 399)
Deferred tax asset	2 492 995	4 591 541
Deferred asset/ liability (Lease contracts)	<u>(3 499 360)</u>	<u>(2 149 858)</u>
Deferred tax liability from fixed assets	(274 107 938)	(273 759 617)
Total deferred tax liability	<u>(277 607 298)</u>	<u>(275 909 475)</u>
	Balance on	Balance on
	1/1/2020	30/9/2020
	L.E	L.E
Deferred tax liability	<u>275 909 475</u>	<u>277 607 298</u>
	Movement during	Balance on
	the period	30/9/2020
	L.E	L.E
	<u>1 697 823</u>	<u>277 607 298</u>

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

27 Group companies

The following sets out the subsidiaries of Juhayna Food Industries Company that were acquired and controlled by the Company as at 30/9/2020 and the company under joint control shown together with their respective contribution percentage held as at the financial position date.

Subsidiary Name	Contribution % 30/9/2020	Contribution % 31/12/2019	Country
Egyptian Co. for Dairy Products	99.99 %	99.99 %	Egypt
International Co. for Modern Food Industries	99.99 %	99.99 %	Egypt
The Egyptian Company for Food Industries "Egyfood"	99.98 %	99.98 %	Egypt
Tiba For Trading & Distributing	99.90 %	99.90 %	Egypt
Al-Marwa for Food Industries	99.91 %	99.91 %	Egypt
Modern Concentrates Industrial Co.	Indirect 99.81 %	Indirect 99.81 %	Egypt
Inmaa for Agriculture Development Co.	99.994 %	99.994 %	Egypt
Inmaa for Livestock	Indirect 99.862 %	Indirect 99.862 %	Egypt
Inmaa for Agriculture and improvement	Indirect 99.964 %	Indirect 99.964 %	Egypt
<u>Company under joint control</u>			
Arju Company for Food Industries	50.75 % under joint control	50.75 % under joint control	Egypt

28 Financial instruments**Financial risk management****Overview**

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the B.O.D.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

Credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk

Trade and other receivables

The Company distributes the credit risk on several customers who have strong and stable financial positions. Also, it deals with its customers through signed contracts and agreements, in addition the Company review the credit limits granted to customers on a regular basis as it gets sufficient guarantees from its customers.

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount	
		30/9/2020	31/12/2019
		L.E	L.E
Trade and other receivables	(18)	457 409 365	352 277 441

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have enough liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the following lines of credit.

Banks - credit facilities in a principal amount of L.E 283 756 153 on which the interest is charged at a variable interest rate for facilities in Egyptian pound and US Dollars facilities.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Carrying amount		Contractual cash flows
		L.E	L.E	L.E
Banks - credit facilities	(22)	283 756 153	(115 184 173)	
Total loans	(21)	750 653 387	(226 764 748)	
Finance lease – liabilities	(29-1)	89 472 552	(9 326 707)	
Operating lease – liabilities	(29-2)	50 164 788	-	

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Company incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the management.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, primarily the L.E The currencies in which these transactions primarily are denominated are Euro, USD, and Swiss Francs (CHF).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Foreign currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	USD	Euro
Trade and other receivables	2 005 250	7 820
Cash at banks and on hand	521 480	24 778
Creditors and other credit balances	(13 357 551)	(973 567)
30 September 2020	(10 830 821)	(940 969)
31 December 2019	5 088 292	(477 756)

The following significant exchange rates applied during the period/ year:

	Average rate		Closing Rate	
	30/9/2020	31/12/2019	30/9/2020	31/12/2019
USD	15.88	16.78	15.80	16.09
Euro	17.91	18.80	18.51	18.07

Interest rate risk

The Company adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis, considering assets with exposure to changes in interest rates.

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of paid up capital and retained earnings. The Board of Directors monitors the return on capital, as well as the level of dividends to shareholders.

	30/9/2020	31/12/2019
	L.E	L.E
Total liabilities	2 377 945 218	2 590 486 794
Less: cash at bank and on hand	(101 709 432)	(96 717 667)
Net debt	2 276 235 786	2 493 769 127
Total equity	2 858 583 941	2 727 039 491
Net debt to equity ratio	79.63%	91.45%

There were no changes in the company's approach to capital management during the period.

29 Lease contracts**29-1 Lease contracts (Sale and lease back)****Juhayna holding**

On 23/3/2016 the Company signed a contract regarding a land lease (including the building built there on), of land located on plot no. 21 of the Crazy water's corridor in Zayed City with a total area of 15 374.47 m². The contract terms became effective starting 24/3/2016. The following is a summary of the above-mentioned contract:

Description	Contract value		Contract period Months	Purchase value at end of contract L.E	Quarterly Installment value L.E
	Contractual value L.E	Accrued interest L.E			
	Contract from 24/3/2016 to 23/3/2025	125 000 000			

In accordance with the provisions of the transitional rules of the Egyptian Accounting Standard No. 49 of 2019 on leasing contracts, the initial application date of this standard is the beginning of the annual reporting period in which the Finance Leasing Law No. 95 of 1995 was amended and the Financial Leasing and Factoring Law No. 176 For the year 2018, in respect of leasing contracts which were subject to Law 95 of 1995 and were accounted for in accordance with IAS 20 (Accounting Standards and Standards for Financial Leasing Transactions).

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Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

Lease contract liabilities

	30/9/2020	31/12/2019
	L.E	L.E
Liabilities from lease contract current portion	13 589 887	11 597 450
Long-term liability from lease contract non-current portion	75 882 665	87 201 810
	<u>89 472 552</u>	<u>98 799 260</u>

Lease contracts liabilities are as follows:

	Payment of liability principal		Payment of accrued interest	
	30/9/2020	31/12/2019	30/9/2020	31/12/2019
	L.E	L.E	L.E	L.E
Liabilities for one year	13 589 887	11 597 450	8 103 689	9 097 072
Liabilities between 1-5 years	75 882 665	87 201 810	16 315 034	22 264 964

29-2 Operating Lease contract liabilities

The group is renting buildings and stores and this rent is performed individually and each contract has its special terms, the contract period ranges from 1.5 to 10 years and some of these contracts has a term for extending the lease which provide more flexibility for the group

	30/9/2020	31/12/2019
	L.E	L.E
Buildings, Warehouses and stores	59 247 345	-
Amortization during the ended period	(11 191 264)	-
Net book value	<u>48 056 082</u>	<u>-</u>

During the period ended at 30-09-2020 the group has been charged by 4 062 867 as an interest resulted from the renting contracts.

Operation lease contract liability

	30/9/2020	31/12/2019
	L.E	L.E
Liabilities from lease contract current portion	11 380 389	-
Long-term liability from lease contract non-current portion	38 784 399	-

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Payment of lease contracts liabilities are as follows:

	Liabilities in present value		Accrued interest	
	30/9/2020	31/12/2019	30/9/2020	31/12/2019
	L.E	L.E	L.E	L.E
Liabilities for one year	11 380 389	-	4 540 766	-
Liabilities between 1-5 years	33 242 318	-	8 435 830	-
Liabilities more than 5 years	5 542 081	-	915 167	-

30 Contingencies

The Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business, the Company has given guarantees on 30/9/2020 amounting to LE 9 679 803 and the covered portion reached to be LE. 25 398.

31 Capital commitments

The capital commitments related to setting up and acquiring fixed assets amounted to L.E 91 915 341 on 30/9/2020.

32 Related party transactions

The related parties are represented in the Company's shareholders and companies in which they own directly or indirectly shares giving them significant influence or control over these companies.

The following is a summary of significant transactions concluded, during the period, between the Company and its related parties.

32-1 Due to related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/9/2020	31/12/2019	30/9/2020	31/12/2019
		L.E	L.E	L.E	L.E
Arju	Current account	-	(361 060)	-	421 867
				<u>-</u>	<u>421 867</u>

32-2 Due From related parties

Company's name	Nature of transaction	Total value of transactions		Balance as at	
		30/9/2020	31/12/2019	30/9/2020	31/12/2019
		L.E	L.E	L.E	L.E
Arju	Current account	2 532	-	3 532	-
				<u>3 532</u>	<u>-</u>

32-3 Board of Director's remuneration

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Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

The total allowances received by the board of directors during the period amounted to LE 15 105 000 (compared to 14 875 000 during the period ended 30-9-2019).

33 Income tax – current

	Financial period From 1/1/2020 to 30/9/2020 L.E	Financial period From 1/1/2019 to 30/09/2019 L.E
Prior period Tax differences	-	1 333 281
Income taxes	(149 725 218)	(89 978 914)
Investment tax on dividends	(5 398 745)	(8 245 495)
	<u>(155 123 963)</u>	<u>(96 891 128)</u>

34 Goodwill

	30/9/2020 L.E	31/12/2019 L.E
Goodwill resulting from acquiring the Egyptian Company for Dairy Products	46 433 934	46 433 934
Goodwill resulting from acquiring Al-Marwa for Food Industries Company	50 658 956	50 658 956
	<u>97 092 890</u>	<u>97 092 890</u>

35 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year after reducing dividends to employees and BOD as follows :

	Financial period From 1/1/2020 To 30/9/2020 L.E	Financial period From 1/1/2019 To 30/9/2019 L.E	Financial period From 1/7/2020 To 30/9/2020 L.E	Financial period From 1/7/2019 To 30/9/2019 L.E
Parent Company's share in profit	383 667 982	290 905 796	152 011 655	111 335 125
Weighted average number of shares	941 405 082	941 405 082	941 405 082	941 405 082
EPS (L.E/Share)	<u>0.41</u>	<u>0.31</u>	<u>0.16</u>	<u>0.12</u>

Juhayna Food Industries Company (S.A.E.)

Notes to the consolidated interim financial statements for the financial period ended 30 September 2020

36 Significant events

The second half of March witnessed the beginning of the impact of the outbreak of the emerging Corona virus on the Egyptian market, and the Egyptian government announced unprecedented measures to combat the virus infection & its spread. Juhayna group has formed a risk committee to manage the crisis, and the objectives of this period have been defined in maintaining all employees and securing them from Corona risks, as well as continuing production and sales operations to ensure the provision and delivery of the company's products to the consumer. Indeed, all risks were studied and evaluated and taken a series of precautionary measures to reduce risks on all employees and to ensure the continuity of the supply chain (operational, manufacturing, sales and collection operations) and meeting the needs of the local market in this period. And there is no effect on the company's current economic situation (its financial position, business results and cash flow).